

WEEK 23, 2020

THE EPOCH TIMES

CHINA INSIDER

A pro-democracy supporter is detained by riot police during an anti-government rally on May 24, 2020 in Hong Kong, China.

**Beijing Exploiting
Floyd Protests**
to Stoke Tensions **4**

HONG KONG ON THE BRINK OF COMMUNIST CONTROL

See Page **2**

HONG KONG

Hong Kong on the Brink of Communist Control With Beijing's Latest Aggression: Experts

EVA FU

The Chinese regime's latest move to impose a national security law on Hong Kong will lead to the end of the city's autonomy, say activists and experts. They warn that if Beijing is not stopped, it will only be emboldened to take stronger action to bring the city under its control.

Beijing's announcement last week that it would pass a national security law for Hong Kong—bypassing the city's own legislature—has attracted international condemnation and reignited mass protests in the city, with plans for more in the coming weeks.

Following Beijing's move, U.S. Secretary of State Mike Pompeo declared on May 27 that Hong Kong is no longer autonomous from the mainland, putting Hong Kong's special trading status with the United States in jeopardy.

It's unclear whether the U.S. administration will proceed to revoke Hong Kong's special privileges, which would require an executive order by the president. The state department hasn't responded to a query from The Epoch Times as of press time.



Pro-democracy supporters scuffle with riot police during a detention at a rally in Hong Kong's Causeway Bay district on May 27, 2020.

The present proposal ... really breaches every provision of the original arrangements.

Alan Leong, barrister

Critics fear that the law, which bans acts of "secession, subversion, and terrorism activities," would be used by Beijing to suppress and persecute dissenting voices. Local pro-democracy activists and lawmakers note that national security laws are frequently used to prosecute and jail dissidents in the mainland.

The law also opens up the possibility of Beijing's security agencies setting up operations in Hong Kong. "Hong Kong would be overrun with Chinese government agents, and those who are accused of violating the national security law would likely not be able to defend themselves in an impartial court," Thor Halvorssen, chief executive officer of Washington-based non-profit Human Rights Foundation, told The Epoch Times.

Beijing's Plan

The Chinese regime's action was not entirely unexpected, according to Wilson Leung from the Hong Kong-based Progressive Lawyers Group.

"Beijing's plan is always to have absolute control over what it considers to be its rightful areas. It regards Hong Kong as its rightful

territory, and no one else should have a say, including the Hong Kong people," Leung told The Epoch Times.

The last attempt to legislate a similar anti-subversion bill was in 2003, which was aborted after half a million Hongkongers took to the streets in protest.

Halvorssen said the Chinese Communist Party's (CCP) action was an attempt to divert attention away from its mishandling of the CCP virus outbreak and other internal problems.

"Beijing is behaving like a bully and doing so in a way that says to the international community, 'We no longer care,'" Halvorssen said. Meanwhile, the regime has "lost its patience" with the pro-Beijing allies in Hong Kong, an outcome likely exacerbated by years of delay in enacting Article 23, an anti-subversion bill; the success of last year's Hong Kong protests against a proposed extradition bill; and the pro-democracy camp's sweeping district election win, Halvorssen said.

"Hong Kong's population is loudly communicating that they wish to be autonomous. The Chinese government concluded that it must take matters into its own hands instead of waiting for their allies in Hong Kong to legislate," he said.

On Wednesday, thousands again came out to protest against the law and another controversial bill that would criminalize disrespecting the Chinese anthem. The police arrested at least 300 by

6 p.m. local time.

"The knife is in the regime's hands. Any time now they'll stab us in the neck," Pastor Chan told The Epoch Times at the protest in Causeway Bay.

Core Issue

The "crux" of the issue, according to barrister and leader of the pro-democracy Civic Party Alan Leong, is keeping apart the mainland and Hong Kong's legal systems.

While Hong Kong's legal system observes the rule of law, the mainland court serves to "enhance the CCP's ruling power," Leong told The Epoch Times.

On May 25, the Hong Kong Bar Association issued a statement highlighting "a number of worrying and problematic features" in the draft law. Hong Kong's mini-constitution, the Basic Law, grants the NPC the power to enact laws only in issues pertaining to "defense and foreign affairs as well as other matters outside the limits of the autonomy" of Hong Kong, and not national security, it argued.

"The present proposal ... really breaches every provision of the original arrangements," Leong said.

Maggie Chan, a Hong Kong delegate to China's rubber-stamp legislature, the National People's Congress (NPC), proposed that a national security court be set up in the city, where cases are only heard by Chinese judges.

"This is totally not acceptable and is introducing an extrinsic

element to the Hong Kong judiciary system," Leong said.

Chen Daoxiang, commander of China's military garrison in Hong Kong, warned via Chinese television that China's military was ready to "defend national sovereignty."

While city leader Carrie Lam tried to assure Hongkongers on May 26 that the law will only target "a handful of people" involved in terrorism or subversion, Wilson Leung from Hong Kong's Progressive Lawyers Group said the claims were "absolutely wrong" and "complete propaganda."

Beijing's plan is always to have absolute control over what it considers to be its rightful areas. It regards Hong Kong as its rightful territory, and no one else should have a say, including the Hong Kong people.

Wilson Leung, barrister

With mainland security agents coming in to enforce Beijing's will, Hong Kong would soon see "mainland style detentions with all the abuses that we've seen on the mainland," he said, noting the ongoing persecution of the spiritual group Falun Gong and mass detention of Uyghurs in Xinjiang concentration camps.

"It's the nature of dictatorships to say that: Oh, don't worry about these terrorism laws or national security law. If you haven't done anything wrong, we won't target you," he said. "But if you see what has happened in China, it is actually the complete opposite."

Economic Toll

Beijing is making a "major mistake" by endangering Hong Kong's status as a global financial hub, Law Ka-chung, an adjunct professor at the City University of Hong Kong's economics department, said in an interview.

Investor confidence in Hong Kong's rule of law and autonomy from the mainland—already at record lows following last year's extradition bill crisis—will likely keep going on a downward trajectory, he said.

Law speculated that Beijing may not strictly enforce the security law right away—a move that would create a sudden shock that

could crash the local economy. But the toll of China's draconian terms will show in the long run, he said.

He also predicted that large-scale emigration out of Hong Kong could take place, similar to when the territory was handed back to China in 1997.

The law will likely bring long-term instability and social rise as Hong Kong's economic growth binds more with the mainland: Mainlanders may dominate senior positions inside companies, while foreign participation in high-value industries such as accounting, insurance, and brokerage firms, could significantly scale back, according to Law.

With Pompeo's announcement, the city's international status—tethered to its distinct identity from mainland China—is at stake.

Previously, under U.S. law, Hong Kong had special privileges including in the areas of trade, investment, and immigration.

The city is also one of the United States' major export markets for wine, beef, and agricultural products.

"Once this [law] really goes down the path that the CCP is threatening to go, it's going to agitate and move a lot of the business community who are already alarmed at this point," said Samuel Chu, founder and managing director of Washington-based advocacy group Hong Kong Democracy Council. "Once you really spook the business community, you're going to see the cost of making moves to protect themselves long term."

Much of China's foreign direct investment is funneled through Hong Kong. It won't be easy for Beijing to find a replacement should Hong Kong's status fall. "Beijing had the agenda to build up Shanghai long ago"—since the early 2000s, Law said. "But after 10 to 20 years, they still couldn't have Shanghai to be the international financial center."

How Hong Kong's future pans out has consequences for the world, said Leung, the Hong Kong lawyer.

"Hong Kong is really at the forefront of the struggle between the free world and dictatorial world," he said. "If Hong Kong falls, then you can be very sure that the next will be Taiwan ... then very soon, you'll see it [CCP's influence] spreading throughout the world."

Epoch Times staff member Annie Wu contributed to the report.

OPINION

Wish Hong Kong (Fare)Well

EMILY FINLEY



President Donald Trump is right to take steps to revoke Hong Kong's special trade status, but not for the reasons that Secretary of State Mike Pompeo, Sen. Marco Rubio (R-Fla.), and other democrat hawk believe.

Involving Hong Kong in the "trade war against China," will, in the short term, escalate Sino-American tensions, but could, in the long term, if joined to other policies in the same vein, help to extricate us from "foreign alliances, attachments, and intrigues," to borrow the language of George Washington's famous Farewell Address.

Pompeo's announcement to Congress that Hong Kong is no longer autonomous from China is doubtless an act of saber-rattling in the name of democracy rather than a move motivated by a desire for greater national economic sovereignty and fewer unnecessary foreign entanglements, but it could nonetheless have that effect under Trump.

Trump has thus far shown little interest in involving the United States in the plight of Hong Kong, however noble it may be. We may hope that Trump, if not his administration, is beginning to buck the trend of nearly every U.S. president since William McKinley and is asking himself what benefit there is to U.S. national interests in our involvement in another's nation's cause for liberty.

The time is ripe to break the spell of liberationist interventionism that has long enchanted the crafters of U.S. foreign policy. This begins by turning this potential flash-point with China over Hong Kong into a component of American retrenchment and a move toward greater economic nationalism, rather than an economic sanction in the name of an ideological goal.

The outbreak of the novel coronavirus has made it abundantly clear that economic

and political retrenchment is in order. From the nurses and doctors in need of PPE to drug manufacturers unable to get life-saving supplies, we are witnessing the dangers of offshoring our manufacturing—to say nothing of the towns and lives destroyed by the policies that have encouraged the exportation of American jobs.

Trump has already taken steps to protect U.S. businesses from Chinese interference, universities are beginning to crack down on the Chinese Communist Party cells that have infiltrated their campuses through the auspices of "Confucius Institutes," and corporations are taking a second look at offshoring, having seen the fragility of a global supply chain.

Even before the outbreak of COVID-19, these trends were apparent with the ascendancy of so-called populism in the United States and Europe.

Now, it has become even more evident that national sovereignty is not only the sine qua non of the state but also a basic expression of human nature.

The speed with which borders around the globe closed, despite vociferous warnings from the enlightened political class that such actions constituted xenophobia, racism, etc., demonstrates the flimsiness of the "global community" construct in the face of serious threats to the well-being of a nation.

The nation-state is not giving way to an "international community" but is demonstrating its relevance and purpose as the entity that foremost protects and administers to its own people. The death on arrival of Wilson's League of Nations in the form of World War II should have already taught us that lesson, but another global calamity, it would seem, must teach it to us once again. Let us hope that calamity is merely the pandemic and not World War III.

Hong Kong is no exception to the rule of the nation first. But neither is the United States. If tensions were to further escalate between Hong Kong and China and Hong Kong was to

assert its independence, even at gunpoint, would the United States intervene? Would it sell arms and aid the enemy of a nuclear-armed China? These are considerations for Trump and his foreign policy team.

A great American statesman cautioned Americans against "going abroad in search of monsters to destroy." America is "the well-wisher to freedom and independence of all. She is the champion and vindicator only of her own," John Quincy Adams said in 1821.

This speech has been in the limelight as ideas of a more restrained foreign policy have become ascendant in the United States. And for good reason. The last 70 years of wars fought in the name of "liberation" have demonstrated the real, concrete meaning of Quincy Adams's prophetic words, which warned that by waging war on behalf of others, even in the name of freedom, "the fundamental maxims of [America's] policy would insensibly change from liberty to force. The frontlet upon her brows would no longer beam with the ineffable splendor of freedom and independence; but in its stead would soon be substituted an imperial diadem, flashing in false and tarnished lustre the murky radiance of dominion and power."

International Relations "realists" have long argued the futility of meddling on behalf of a foreign people's liberation. Yet few have traced this impulse in the American foreign policy psyche to its deep origins in our roots, in figures such as Thomas Jefferson and even, at times, in Quincy Adams, and many others.

Earlier in Quincy Adams's July 4 speech he echoes the general sentiment of Jefferson and others that the form of government that the United States took was "the only legitimate foundation of civil government."

"It was the corner stone of a new fabric," Quincy Adams said, "destined to cover the surface of the globe."

This type of dialectical

democratism is arguably the seed from which our foreign policy of interventionism has grown. Jefferson's oxymoronic vision of America as an "empire of liberty" portends such a legacy as we now have. Woodrow Wilson, another great democratist, seemed to believe that taking America to war fulfilled Quincy Adams's belief about the Declaration of Independence, that it "demolished at a stroke the lawfulness of all governments founded upon conquest."

To assert that any government that deviates from the form of government of the United States is dangerous. It beckons the would-be saviors and humanitarian crusaders to lobby on behalf of the benighted peoples of the world, which must always be among us. It is easy to see how the American sentiment of well-wishing, when backed by a philosophy of history that imagines democracy as the inevitable course of the globe, evolved into armed intervention in support of that imaginary destiny.

Trump should be a well-wisher to the freedom and independence of Hong Kong. He should not entangle this nation in yet another affair of a foreign country struggling against an oppressor, which the Chinese Communist Party, to be sure, is. It is time to put the nail in the coffin of interventionism, the failed grand strategy of the 20th and early 21st centuries, and to turn to another of our foreign policy strategies, limited engagement.

Emily Finley holds a Ph.D. in Politics from The Catholic University of America and is a postdoctoral scholar at Stanford University. She is the managing editor of Humanitas, a journal of politics and culture, published by The Center for the Study of Statesmanship.

Views expressed in this article are the opinions of the author and do not necessarily reflect the views of The Epoch Times.



An aerial view of Hong Kong, on Feb. 17, 2020.



An anti-extradition bill protester is detained by riot police during skirmishes between the police and protesters outside Mong Kok police station, in Hong Kong, on Sept. 2, 2019.



People vandalize a car amid protests over the death of George Floyd, near the White House on May 31, 2020.

PROPAGANDA

Beijing Exploiting Floyd Protests to Stoke Tensions, Undermine US, Experts Say

CATHY HE

The Chinese regime is exploiting the unrest across America to attack the United States and divert attention away from its tightening grip over Hong Kong, experts say. Over the past few days, Chinese diplomats and state-run media have taken to social media, heaping criticism on the United States over its handling of ongoing protests over the police custody death of George Floyd, which have recently descended into violence in dozens of cities across the country.

Floyd died on May 25 after a police officer pressed his knee against Floyd's neck.

Chinese foreign ministry spokesperson Hua Chunying on May 30 responded to a tweet by the U.S. State Department decrying the regime's encroachment into Hong Kong by writing: "I can't breathe," quoting what Floyd was caught on video saying before he died.

Hua's message came one day after President Donald Trump announced that the administration would be revoking Hong Kong's economic privileges as a result of the regime imposing a national security law on the city. The move, Trump said, showed that the regime had broken its word to allow Hong Kong a high degree of autonomy when sovereignty was transferred from Britain to China in 1997.

Beijing has not yet formally responded to Trump's decision, but state-run outlets have ramped up their coverage of the U.S. protests, quick to make comparisons between the U.S. protests and the ongoing pro-democracy movement in Hong Kong.

Hawkiish state-run newspaper Global Times on Saturday ran a commentary titled: "Watch out! 'Beautiful sight' in HK is spreading across the U.S." The headline was a dig at remarks made by House Speaker Nancy Pelosi last year when she said the pro-democracy protests in Hong Kong were "a beautiful sight to behold."

U.S. national security adviser Robert O'Brien on Sunday called out Hua's "trolling" of the U.S. state department, adding that he saw tweets from Chinese diplomats taking pleasure in witnessing the chaos in America.

"Our foreign adversaries are going

They'll do whatever they can to fan the flames of the problems we have.

Helle Dale, senior fellow for public diplomacy at The Heritage Foundation

Helle Dale, senior fellow for public diplomacy at The Heritage Foundation

Helle Dale, senior fellow for public diplomacy at The Heritage Foundation

Protesters are detained by the Minnesota State Police after staying out beyond the governor's 8 p.m. curfew, during the sixth night of protests and violence following the death of George Floyd, in Minneapolis on May 31, 2020.



to take advantage of this crisis to sow discord and to try and damage our democracy," O'Brien told ABC.

Never Let a Crisis Go to Waste

The crisis is a "propaganda gift" to the communist regime, which is currently drawing widespread condemnation over its encroachment into Hong Kong's autonomy, said Helle Dale, a senior fellow for public diplomacy at Washington-based think tank The Heritage Foundation.

Beijing has "been handed the situation on a platter and they're making the most of it," Dale told The Epoch Times. "They'll do whatever they can to fan the flames of the problems we have."

It is attempting to turn world opinion against the United States, shift opinions domestically, as well as stoke racial tensions to exacerbate the crisis, she said.

Gordon Chang, China expert and author of "The Coming Collapse of China," said that while the Chinese regime's specific goal is to shift the global conversation away from Hong Kong, its propaganda efforts form part of a multi-decade campaign to undermine the United States.

The regime is "trying to go after the U.S. and tar our reputation in general," Chang said. "Their real goal is to destroy the United States."

Dale said that the regime has proven itself to be "quite nimble in taking advantage of current events," and has ramped up its global propaganda ef-

orts since the CCP virus outbreak. During the pandemic, Beijing sought to deflect attention away from its responsibility in causing the virus's worldwide spread by spreading disinformation about the virus origins and portraying the regime as an exemplar in global containment efforts.

Weaponizing Social Media

Robert Spalding, a senior fellow at the Washington-based think tank Hudson Institute and the author of "Stealth War: How China Took Over While America's Elite Slept," said authoritarian regimes like China are weaponizing social media platforms to sow chaos and discord in the United States.

The regime is likely using bot networks on Twitter to amplify messages that incite people to join the unrest, he said, citing recent research showing that bots play a critical role in shaping the conversation on the pandemic. Analysts at Carnegie Mellon University found that 40 percent of the discussion around COVID-19 came from bots. Those accounts formed 82 percent of the top 50 influential re-tweeters, and 62 percent of the top 1,000 re-tweeters. Spalding said a review of the current discussion on the protests would likely lead to similar results.

"The social media environment will provide an easy platform for state actors to incite more activity [in the protests]," Spalding told The Epoch Times. "They're using these

platforms to increase the scale of the violence."

CHARLOTTE CUTHBERTSON/THE EPOCH TIMES

platforms to increase the scale of the violence."

Attacking Democracy

U.S. officials have decried Beijing's attempts to equate the Hong Kong protests with the unrest in the United States. The Chinese regime has consistently described the city's pro-democracy protesters as "rioters" who need to be suppressed.

"These are completely different," Pompeo told Fox News on Sunday. "We have the rule of law. We have decent Americans all across this country who are troubled by what happened, and they have the opportunity to speak freely about that. None of that exists inside of China. The Chinese Communist Party prevents that kind of freedom of expression."

Meanwhile, O'Brien pointed out that the difference between the United States and its foreign adversaries is that, "When this happens, we'll get to the bottom of it and we'll clean it up. It's not going to be covered up. And this wasn't done on behalf of the Party or on behalf of the state."

Dale called out the hypocrisy behind some of the regime's remarks on the Floyd protests. Hua on Monday wrote in a tweet: "All lives matter. We stand firmly with our African friends. We strongly oppose all forms of racial discrimination and inflammatory expressions of racism and hatred."

Dismissing the tweet as "opportunistic," Dale pointed to the regime's extensive human rights abuses against ethnic minorities, as well as its own record on police brutality.

Civil unrest in the United States feeds into the regime's message that its authoritarian model is superior to democratic governance. K. T. McFarland, the former deputy national security adviser, told The Epoch Times "American Thought Leaders" program.

"They're pointing to all of these things, whether it was the economic crisis in 2008, whether it's the pandemic, whether it is the American demonstrations, looting on the streets, whether it is the impeachment trial," McFarland said. "And they're saying, 'See, we don't have these problems in China. Democracies have these problems, free-market systems have these problems.'"

She added, "The more divisive America looks and the more pictures of Americans looting on the streets... all of these things, it just feeds into that Chinese narrative."

She added, "The more divisive America looks and the more pictures of Americans looting on the streets... all of these things, it just feeds into that Chinese narrative."

She added, "The more divisive America looks and the more pictures of Americans looting on the streets... all of these things, it just feeds into that Chinese narrative."

Institutions of 'Hire' Education

American universities have sold out to the Chinese Communist Party

STEVEN W. MOSHER



Commentary

We're talking about billions of dollars.

The Department of Education has found that U.S. universities have failed to

report at least \$6.5 billion in foreign contributions over the past decade. Among the countries that have bought entrée and influence at some of America's most prestigious universities are Russia, Iran, and Saudi Arabia.

But the biggest player (or rather "payer") by far is the People's Republic of China (PRC). About 115 American colleges were on the receiving end of some \$900 million in donations, contracts, or both, from sources in mainland China from 2013 to 2019, according to U.S. government data. But this is only the tip of the iceberg. The actual amounts may be many times more, since many colleges have long flouted the federal law requiring that the source of all donations over \$250,000 be disclosed.

The Chinese Communist Party (CCP) has a long history of using United Front tactics to capture and subvert institutions and elites. America's leading colleges and universities, places such as Harvard, Yale, and Stanford, are obvious targets for such efforts. No surprise here.

What is surprising is just how eager the administrators of these institutions were to not only accept but also actively solicit donations from one of the most blood-thirsty regimes on the planet. While these institutions still bill themselves as educational nonprofits, they no longer act that way. They're more accurately described, to quote the U.S. Department of Education, "as multi-billion dollar, multi-national enterprises using opaque foundations, foreign campuses, and other sophisticated structures to generate revenue."

In other words, they seem to be driven more by a search for money than a search for truth.

But the more important question is this: What does the CCP receive in return for its "investments," "partnerships," and "cooperative agreements" with American universities? After all, the Party is not known for its philanthropy. There's always a quid pro quo.

The payback comes in many forms, from getting the opportunity to steal research and disseminate propaganda, to influencing faculty hiring decisions and even weighing in on U.S. foreign policy debates.

Some of what the CCP expects to get is all too obvious.

For example, while the United States obsessed over "Russian col-

CCP money also enables the theft of hi-tech from university labs.

U.S. universities engage in self-censorship in order to keep the money from China flowing. At the same time, they largely turn a blind eye to the theft of technology. After all, the research costs were paid for by federal grants, so it doesn't hurt the bottom line. Offending China would.

lusion," China was contributing tens of millions to the University of Pennsylvania. To date, the university has received over \$70 million from China, of which \$22 million were listed as "Anonymous." On May 20, the National Legal and Policy Center filed a complaint against the University of Pennsylvania alleging the university had failed to disclose donations from China to the Biden Center for Diplomacy and Global Engagement, something the university has denied.

CCP money also enables the theft of hi-tech from university labs. It does this by encouraging an "open door" policy to graduate and post-graduate students from China. Thousands of PRC STEM graduates arrive on our campuses each year determined to absorb or expropriate cutting-edge technology that they can take back to China.

The CCP recruitment of leading American scientists to participate in the so-called "Thousand Talents" program also helps in this effort, since its participants are required to train students from China in their labs. For example, Harvard professor Charles Lieber's contract called for him to train "three or four" post-graduate students a year in each of his labs—both his "open" lab at Harvard and his secret lab in Wuhan, China.

The flood of CCP money also ensures that China's political elite have no trouble enrolling their sons and daughters in our elite universities, despite the inability of university admissions officers to independently verify their test scores and grades, which are often fraudulent. Chinese leader Xi Jinping's own daughter went to Harvard under an assumed name and was even the subject of a glowing New Yorker piece about her experience there. Her matriculation at America's premier university meant, of course, that there was one less spot available for an intelligent and hard-working young woman from the United States.

U.S. prosecutors have to date charged 55 people in the well-known U.S. college admissions scandal, where parents allegedly bribed school officials at USC, Georgetown, and other schools to admit their children. And yet a far greater scandal somehow goes completely unremarked. This is one in which CCP officials arrange to have millions, or even tens of millions, of dollars donated to universities, which then happily admit and educate their children and grandchildren.

Another benefit to the CCP of having free rein on American campuses is that they get to help form the minds of impressionable young Americans. Their boldest initiative—setting up propaganda outposts innocently called Confucius Institutes—has

fallen on hard times. But as one university after another has shut down the Confucius Institutes, CCP influence operations have moved to Chinese Student Associations, which have become better organized and much more vocal over the past few years.

Encouraged and in some cases funded through the local PRC embassy or consulate, these Chinese student groups have taken to repeating CCP talking points, bullying on-campus critics of China, and even actively engaging in espionage. In Australia, flash mobs of Mainland Chinese students have intimidated students who were peacefully demonstrating in support of Hong Kong protesters.

University administrators, in response to these various attacks on academic freedom, have proven spineless, unwilling to criticize the donation and tuition cash cow that thousands of students from China represent. In one of the most shameful episodes in modern academic history, Harvard actually cancelled a human rights event in order to not offend president-for-life Xi Jinping. Why? Because Harvard's president was scheduled to meet with Xi on the same day.

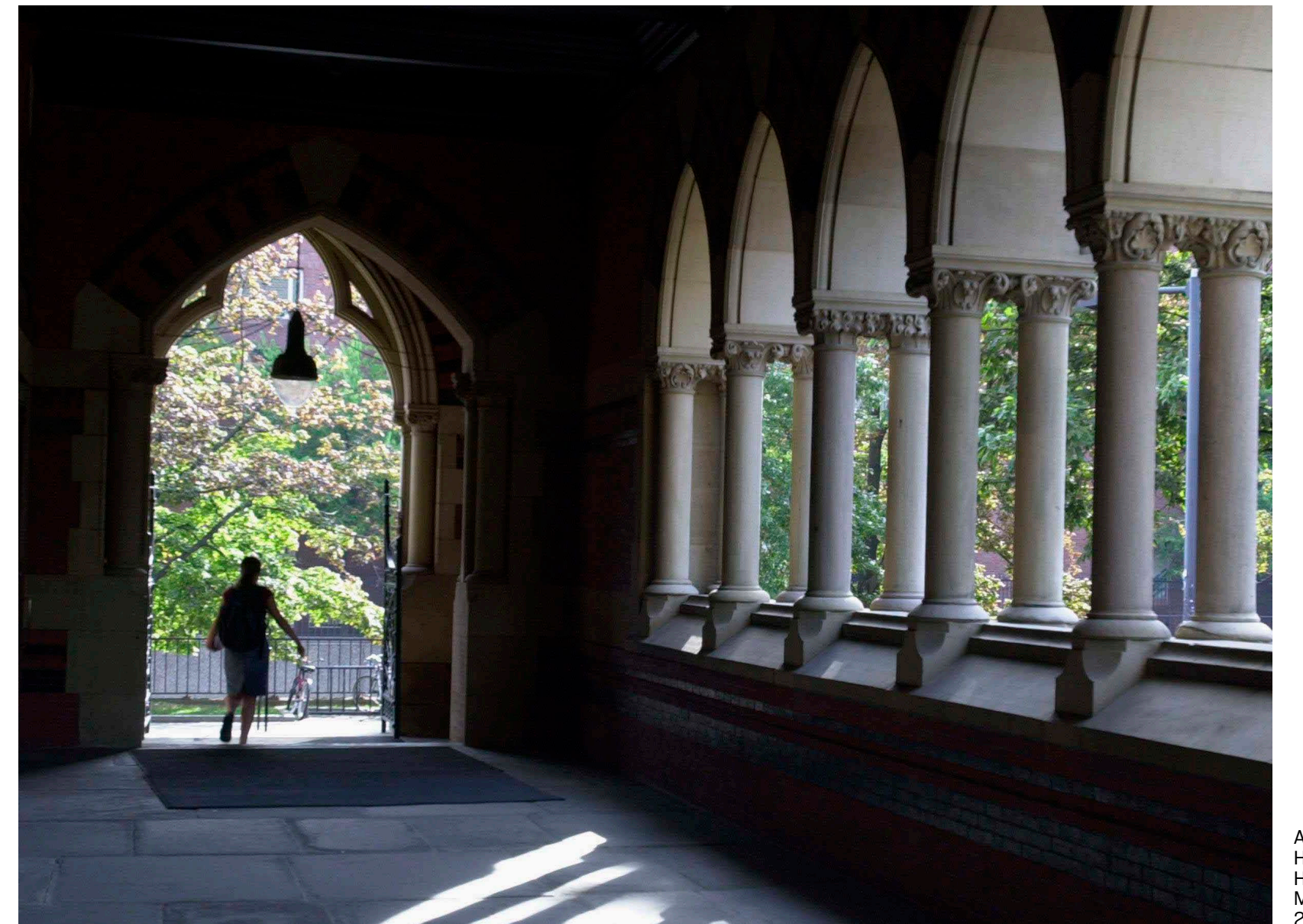
It would have been a perfect opportunity for Harvard University to demonstrate its commitment to academic first principles. Instead, one of the most prestigious universities in the world chose to demonstrate that it didn't have any principles, at least any that were more important than keeping good relations with the CCP dictator. Tellingly, the event was never rescheduled.

As this example suggests, American universities engage in self-censorship in order to keep the money from China flowing. At the same time they largely turn a blind eye to the theft of technology. After all, the research costs were paid for by federal grants, so it doesn't hurt the bottom line. Offending China would.

I will let the general counsel of the Department of Education have the final word: "[T]he evidence suggests massive investments of foreign money have bred dependency and distorted the decision making, mission, and values of too many institutions." That's putting it mildly.

Steven W. Mosher is the president of the Population Research Institute and the author of "Bully of Asia: Why China's Dream is the New Threat to World Order."

Views expressed in this article are the opinions of the author and do not necessarily reflect the views of The Epoch Times.



WILLIAM B. PLOWMAN/GETTY IMAGES

A student leaves Harvard's Memorial Hall in Cambridge, Mass., on Oct. 10, 2003.

DIPTENDU DUTTA/AFP/GETTY IMAGES



A Chinese soldier (L) and an Indian soldier stand guard at the Chinese side of the ancient Nathula pass border-crossing, between India and China in Sikkim, in this file photo.

MILITARY

Chinese Regime's Aggression on Disputed Border With India Draws Concerns

VENUS UPADHAYAYA

The Chinese regime's acts of aggression on the disputed border with India have drawn concern, leaving analysts to question the timing of skirmishes between the patrols of the Asian neighbors at two locations in the past few weeks. Multiple violent clashes have occurred recently along the 2,167 miles of a disputed border known as the Line of Actual Control (LAC) in the eastern Himalayan Indian territory of Ladakh and the central Himalayan Indian territory of Sikkim, which also shares a border with Bhutan.

The recent conflict started on May 5 and May 6, between Chinese and Indian patrols in the area of the lake of Pangong Tso, where Ladakh meets the region of Tibet, according to Lt. Gen. Gurmit Singh, a former Indian deputy chief of army staff who retired after 40 years of service.

"So on May 5, there was a faceoff that was ugly. They were jostling. On May 9, there was another faceoff in the north Sikkim area between two patrols, they were jostling with

China's belligerent actions are an attempt to prevent India from bolstering its side of the border.

Aparna Pande, director, Hudson Institute's Initiative on the Future of India and South Asia

Pangong Tso Lake in the Leh district of Ladakh, bordering India and China, on Sep. 14, 2018.

each other. Seven Chinese soldiers and four Indian soldiers were injured," Singh told The Epoch Times over the phone from New Delhi. "Since then, the activity level went up in the area of Galwan valley, which is north of the Pangong Tso lake area and also in the area of eastern Ladakh," he said, adding that the dispute exists between India and China because each country has a different perception about the LAC.

Since the conflict began, the Chinese have erected 80 to 100 tents, brought in heavy vehicles and heavy weapons, and have started building bunkers in the Galwan valley.

Meanwhile, India has deployed soldiers in the area. A hotline remains open between the local Chinese and Indian army commanders in east Ladakh, along with other diplomatic channels, Singh said.

He also said that the Indian army has been put on alert: "They are prepared."

The Chinese side is blaming India for the tension, saying that the Indian side trespassed into Chinese territory, which the Indians have denied, according to the Press Trust of India.

'Argue Over Territory, Keep Pushing and Pushing'

The Chinese regime's act of building bunkers along the disputed territory with India in Ladakh is a tactic it has used with other countries it shares borders with, Aparna Pande, a research fellow and director of Hudson Institute's Initiative on the Future of India and South Asia in Washington, told The Epoch Times.

"This is their tactic: Argue over territory, keep pushing and pushing and testing the other side, then when you can build permanent bunkers and then sit there. Then again, after a little while, creep forward," said Pande, who added that the Chinese regime has been similarly aggressive with Japan, Russia, Myanmar, Vietnam, and the Philippines.

"Remember, China does it on the land-sea, creates islands, and claims territory. [The regime] creates fictitious claims."

Singh says the building of bunkers by the People's Liberation Army is significant because it's happening on the LAC and not on a resolved border, and also due to other incidents of strategic importance in the larger region around the same time.

He cites as examples a road that India inaugurated on May 5 in the state of Uttaranchal, in the border region of Nepal and China, that the Nepalese protested, and a dam that Pakistan is building in the region of Khyber Pakhtunkhwa area under Pakistan's occupation of the disputed Jammu and Kashmir region.

The dam, inaugurated on May 2, is located in the same region where China and Pakistan are building the China-Pakistan Economic Corridor, a part of the Chinese regime's ambitious Belt and Road Initiative (BRI) from Xinjiang to Pakistan's southern shores. The dam is a joint venture of the lead firm, China Gezhouba Group of Cos. (CGGC), and a Pakistani firm, Descon Engineering.

While Singh said "all these dots need to be connected" to analyze the situation, Pande said the Chinese regime is using Pakistan and

Nepal to put pressure on India.

US Willing to Mediate Border Dispute

Pande said the Chinese regime is trying to deviate the world's attention from the pandemic by such aggression on its disputed border with India.

"China has built a lot of infrastructure on its side of the border over the years. India has been slow to do that but in the last few years, India has done a lot of airstrips, all-weather roads, and so on, she said.

"China's belligerent actions are an attempt to prevent India from bolstering its side of the border. Beijing is hoping the world's attention will be diverted by COVID."

President Donald Trump said on May 27 that the United States is willing to mediate between India and China to help them resolve their ongoing border dispute.

"We have informed both India and China that the United States is ready, willing, and able to mediate or arbitrate their now raging border dispute. Thank you!" said Trump in a message on Twitter.

While neither India nor China has sought any intervention from the United States or the international community, Trump's offer will upset China, Pande said.

"Beijing will be more upset about this offer by President Trump than Delhi because in effect the U.S. is treating India and China as equals and that is something Beijing has never accepted," she said.

Singh says there could be many reasons behind the recent Chinese aggression on the border—it could be the internal political situation inside China, the global pressure on the Chinese regime to answer questions about the pandemic, or it could be a fallout of the U.S.-China cold war.

He said it could also be because India took a leadership role as the chair of the World Health Organization's executive board on May 22, or because of many nations wanting Taiwan to be given an observer's status in the World Health Assembly.

US Investors Have Increasing Exposure to Chinese Banks, Bad Loans

FAN YU

Commentary

U.S. investors have an increasing number of reasons to financially decouple from China.

Fraudulent accounting by a number of Chinese companies and a protracted trade dispute between the United States and China have forced U.S. investors to scrutinize their exposure to Chinese stocks. More recently, the CCP virus and the Chinese regime's recent proposal of security legislation in Hong Kong have added fuel to the fire.

In addition, an advisory body to U.S. Congress last week issued a warning over U.S. investors' exposure to China's precarious banking system.

It's one more reason for investors to reduce their Chinese investment exposure.

Banks

The amount of bad loans on the balance sheets of Chinese banks is worrisome, especially given the growing trend of U.S. savers, pensioners, and retirement accounts owning Chinese stocks, according to a report issued on May 27 by the U.S.-China Economic and Security Review Commission (USCC).

Calling Chinese banks "a source of systemic risk," the report states that, unlike U.S. banks, Chinese banks don't have a fiduciary duty to the interests of their investors (owners).

"They remain beholden to and supported by the state," the report says. "The Communist Party-state retains the ability to intervene decisively in the banking system to achieve desired outcomes."

Specifically, the amount of non-performing loans (NPL), loans for which the borrowers aren't financially viable enough to keep paying interest, is concerning. Already saddled with NPLs before the CCP virus struck, Chinese banks were mobilized by Beijing authorities to provide new capital to struggling companies during the pandemic—even as existing NPL numbers are spiking.

A decade ago, when the Chinese markets were more or less closed off, such issues were irrelevant for American investors. But today, China's problems have become U.S. investors' problems.

"U.S. investors thus have a growing stake in China's financial system and all its unattenuated economic and political risks. This is an important issue for policymakers to assess," the USCC report warned.

Chinese companies—including many of

its banks—are part of MSCI and FTSE Russell's emerging market and global market indices. Chinese domestic onshore bonds also comprise a portion of the widely followed Bloomberg Barclays Global Aggregate Index. And many popular investment funds are mandated to follow the indices by buying up securities issued by Chinese companies.

This development means U.S. investors—through their pension funds, mutual funds, and exchange-traded funds—now own the stocks of Chinese banks and banking system participants. Put differently, U.S. investors are now on the hook for these bad loans.

Investors: Caveat Emptor

The Trump administration earlier this month directed the Federal Retirement Thrift Investment Board to halt its planned investments into Chinese stocks. The board's Thrift Savings Plan, which has about \$41 billion in assets, was planning to follow the constituents of certain MSCI indices, which include Chinese stocks.

But that's only one fund. The government has limited powers to direct individual investors on what to invest in—which is the way it should be in a democratic, capitalistic system. But it behooves every single U.S. investor to reassess his or her portfolio and think twice about investments in Chinese stocks or bonds.

This isn't a political consideration—it's a financial and economic consideration.

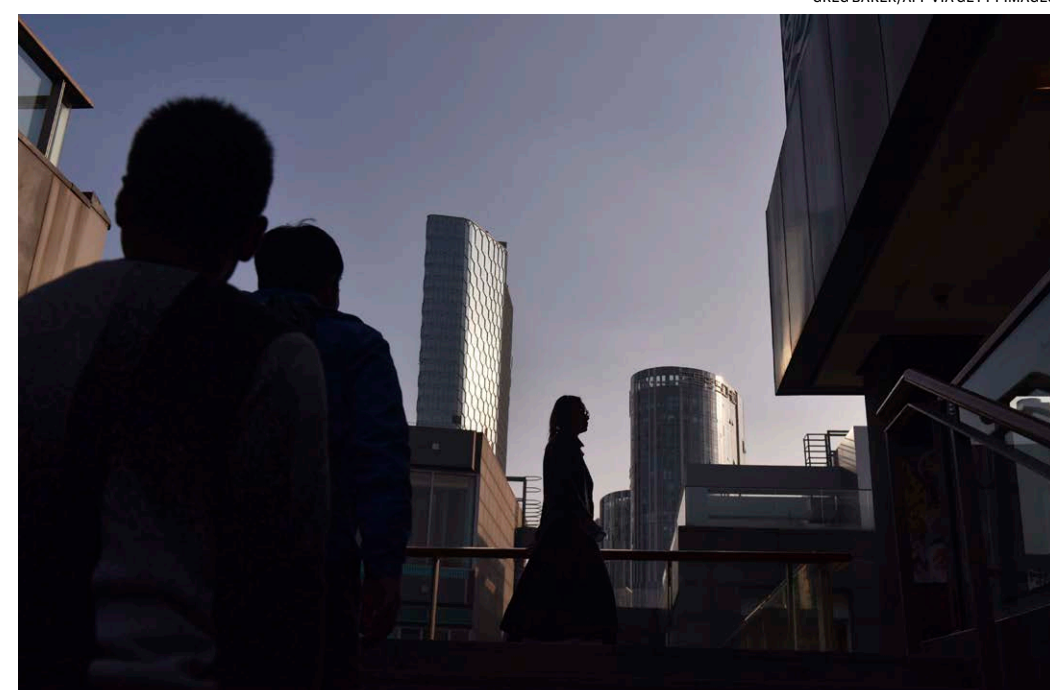
The USCC's report on China's banking system highlights the idiosyncratic risks specific to the Chinese market—risks that a typical investor cannot economically account for.

Chinese companies behave completely differently than their Western counterparts and don't bear the fundamental characteristics of a typical for-profit company.

As the report notes, Chinese companies don't work for their investors (owners) but must ultimately answer to the CCP. The CCP's directives supersede other priorities, which creates a conflict of interest whereby, in the case of Chinese banks, they could knowingly lose money on loans in order to enact the CCP's policies and directives—such as lending to unprofitable state-owned enterprises.

How can an investor accurately evaluate the business and economic outlook of Chinese companies? Should U.S. investors really have a stake in such operations?

Investors are used to a certain level of regulatory checks and balances. For the most part, investors should not have to



People walk between buildings at a shopping mall in Beijing on Oct. 18, 2018.

worry about the veracity of a company's financial reports. Since the early 2000s, when investors lost billions of dollars from the Enron and WorldCom fraud scandals, U.S. capital markets and the Securities and Exchange Commission have tightened regulations by enacting the Sarbanes-Oxley Act, and established industry safeguards such as the Public Company Accounting Oversight Board.

But Chinese companies typically adhere to none of these. There are Chinese rules and regulations in place, although their effectiveness lags behind those of developed markets. Chinese auditors can't be investigated or examined by U.S. regulators. The number of outright fraudulent companies or companies engaging in fraudulent acts is significantly higher in Chinese markets.

Chinese banks are widely believed by Western economists to underreport their true levels of NPL. A recent investigation by Karlo Kauko, an adviser at the Bank of Finland, found increasing loan quality problems at Chinese banks because of the smoking-gun evidence of their diminishing interest income.

This is despite the banks' public reports of stable NPL ratios.

How can a U.S. investor trust the financial disclosures of such Chinese companies? Investors shouldn't be kept awake at night by such transgressions. The right call is to divest from Chinese securities.

Views expressed in this article are the opinions of the author and do not necessarily reflect the views of The Epoch Times.

The Communist Party-state retains the ability to intervene decisively in the banking system to achieve desired outcomes.

U.S.-China Economic and Security Review Commission



Medical workers spray antiseptic outside the main gate of the Shanghai Stock Exchange in Shanghai on Feb. 3, 2020.



Prakash Singh/AFP via Getty Images



TRUTH *and* TRADITION

COVERING IMPORTANT NEWS OTHER MEDIA IGNORE

LEADING REPORTING ON
THE CHINESE COMMUNIST THREAT
FOR THE PAST 18 YEARS

The Epoch Times not only reports reliably on U.S. politics and the Trump administration, but also publishes authoritative China news, covering topics including:

- Impact on the United States
- Business and economy
- Communist infiltration of our government, businesses, schools, universities, popular culture, and more
- Disinformation surrounding U.S.–China trade relations
- Security and espionage
- Influence on media and Hollywood
- Overseas interference and United Front activity

The Epoch Times has also championed a new method of investigative journalism, steeped in the discipline's traditions of truth and responsibility. Combining this method with quality design, our journalists expose corruption and subversion in U.S. politics, and other important issues. Our investigative infographics have included:

- Illegal Spying on President Trump
- Hillary Clinton and the Uranium One Deal
- China's Military Expansion Into Space
- The Secret Propaganda War on Our Minds
- Spygate: The True Story of Collusion
- Clinton Foundation 'Pay to Play' Model Under Investigation

Download infographics

[ReadEpoch.com/infographics](https://readepoch.com/infographics)

FREE newsletter signup

[EpochNewsletter.com](https://epochnewsletter.com)

Subscribe to the paper (print/epaper)

[ReadEpoch.com](https://readepoch.com)

More information

[TheEpochTimes.com/about-us](https://theepochtimes.com/about-us)